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R. J. REYNOLDS TOBACCO COMPANY

WINSTON-SALEM, N. C.

JAN 23 1926

FINANCIAL STATEMENT

DECEMBER 31, 1925.

Winston-Salem, N. C., January 15, 1926.

To the Stockholders of

R. J. REYNOLDS TOBACCO COMPANY:—

The Financial Report of your Company, at the close of business December 31, 1925, is hereby submitted.

Net Earnings for the year 1925, after deducting all charges and expenses of management, and after making provision for Interest, Taxes (including Federal and State Income Taxes), Depreciation, Advertising, etc.	$25,221,579.18
DEDUCT	
Four quarterly dividends of $1.75 each per share on Preferred Stock	1,400,000.00
	23,821,579.18
DEDUCT	
Three quarterly dividends of 75 cents each and one quarterly dividend of $1.00 per share on common stocks	10,400,000.00
Balance carried to Undivided Profits	13,421,579.18
ADD	
Undivided Profits December 31, 1924	29,732,814.48
	43,154,393.66
DEDUCT	
Premium paid in redeeming outstanding Preferred Stock	4,000,000.00
Total Undivided Profits December 31, 1925	$39,154,393,66

NOTE: Federal Income, Excess Profits and War Profits Taxes on earnings for respective years up to December 31, 1925, have been paid or set aside in the above statement in maximum amounts and pending tax adjustments should result in a substantial increase in the Undivided Profits Account.

FINANCIAL STATEMENT

DECEMBER 31, 1925.

ASSETS

CURRENT		
Cash	$ 8,024,866.20	
Accounts Receivable (net) for merchandise sold	12,545,465.82	
Leaf Tobacco, Supplies, Manufactured Product	97,168,844.41	$ 117,739,176.43
OTHER ASSETS		
Real Estate, Buildings, Machinery, Fixtures	18,374,268.37	
Investments in Non-Competitive Companies, etc.	962,288.01	
Bills and Notes Receivable	471,372.04	
Other Accounts Receivable	666,311.51	
Good Will, Patents, Trade-Marks, etc.	1,317,891.24	
Prepaid Expenses	464,385.35	22,256,516.52
		$ 139,995,692.95

LIABILITIES

CURRENT		
Accounts Payable	$ 6,442,397.30	
Accrued Taxes and other Accrued Accounts	5,297,345.15	$ 11,739,742.45
RESERVES		
Depreciation, Obsolescense and Contingencies		9,101,556.84
CAPITAL ACCOUNT		
Common Stock	10,000,000.00	
New Class B Common Stock	70,000,000.00	
Undivided Profits (after deduction of dividends payable January 1, 1926)	39,154,393.66	119,154,393.66
		$ 139,995,692.95

Respectively,

R. D. SHORE, Treasurer.

WE HEREBY CERTIFY that we have examined the books of account and records of R. J. REYNOLDS TOBACCO COMPANY, Winston-Salem, N. C., at December 31, 1925, and it is our opinion that the above statement shows the true financial condition of the Company at the date stated, and that the accompanying Analysis of Undivided Profits Account is correct. As far as we could ascertain there were no contingent liabilities and we were informed none existed.

ERNST & ERNST,

Certified Public Accountants.